

AUSTRALIA emerges a major market for apparel exporters

Even though Australia may not feature among the top importers of textiles & apparel in the world, it still shines as the largest apparel importer in the southern hemisphere. Its T&A imports registered a measly positive growth at a CAGR of 2% over the last five years to reach \$9.3 billion in 2017. Within the same period, its exports decreased at a CAGR of -2% to reach \$4.9 billion in 2017. Australia's trade balance accounted for a deficit of \$-4.4 billion on average over the last five years.

The overall Australian manufacturing industry declined across all key data items, with EBITDA, down 3.4% (-\$1.2b). Thus, there is an ever-increasing demand of textile and apparel imports in Australia with jerseys, pullovers, cardigans, waist-coats & similar articles, knitted/crocheted, of man-made fibres being the largest single import commodity over the last year.

The second position is comfortably taken by cotton T-shirts. Knitted and woven apparel account for almost 69% of total imports of Australia in 2017. The top four exporters of T&A to Australia account for around 92% of the market share. Among them China shows its dominance over the rest of the world as it holds 74% share in the T&A imports among the top 10 exporters to Australia, followed distantly by Bangladesh and India at 8% and 6% respectively.

India is amongst the top three suppliers of T&A products to Australia. India's exports of T&A to Australia stood at around \$467 million in 2017 and has registered a growth at a CAGR of 7% over the last five years. Also, India's share in total Australia's textile and apparel imports has remained solid around 5.5%, while exports of T&A products from China have decreased marginally from 63% to 60%

Table 1: Australia's Total T&A Trade (In US\$ Bn.)

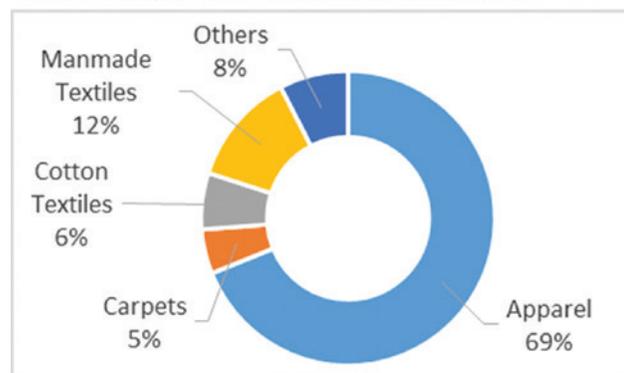
Year	Imports	Exports	Trade Balance
2013	8.5	5.5	-3.0
2014	8.8	4.4	-4.4
2015	8.9	3.4	-5.4
2016	8.7	3.9	-4.8
2017	9.3	4.9	-4.4
CAGR	2%	-2%	

Data Source: UN Comtrade

of the imports market share.

Apparel is the largest category exported from India to Australia, followed by cotton textiles and carpets, and accounts for 44% of T&A exports. India has a potential to export knitted Jersey, pullovers and T-shirts of man-made fibers which take up a significant amount of Australian apparel imports (11%). Also, Indian cotton textiles has a market share of 18% which is very high considering the monopoly China has in other categories.

Figure 1: Category-wise T&A Imports by Australia (2017)



Data Source: UN Comtrade

Figure 2: Top Suppliers of T&A to Australia (2017)

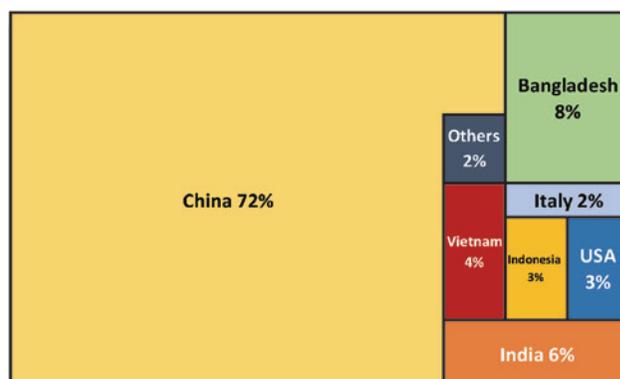


Table 2: Australia's Top 10 textile and apparel imported commodities Values in US\$ bn.

HS Code	Commodity	2015	2016	2017	CAGR
6204	Womens woven suits, ensembles, jackets, dresses, skirts, trousers	1.01	0.95	1.05	2%
6109	Knitted T-shirts, singlets, tank tops	0.65	0.65	0.71	3%
6203	Mens woven suits, ensembles	0.66	0.63	0.64	-1%
6110	Knitted Sweaters, pullovers, vests	0.54	0.57	0.60	4%
6302	Bed linen, table linen toilet linen & kitchen linen	0.54	0.52	0.54	0%
6104	Knitted Womens suits, ensembles	0.41	0.40	0.41	0%
6307	Made-up articles of textile materials	0.30	0.31	0.34	4%
6205	Mens woven shirts	0.29	0.27	0.28	-2%
6206	Womens woven blouses, shirts	0.25	0.24	0.25	0%
6108	Womens knittedslips, petticoats, pyjamas, bathrobes	0.22	0.21	0.24	3%

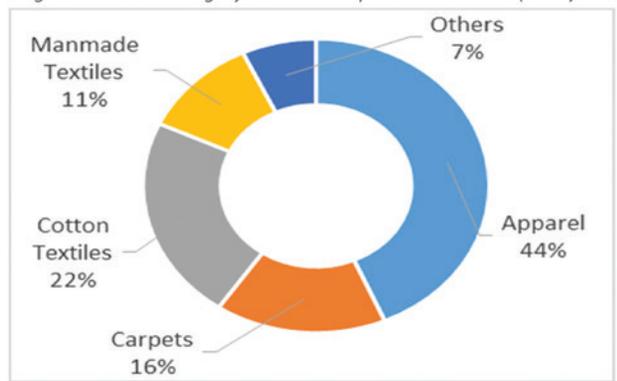
Data Source: UN Comtrade

Figure 3: India's Textile and Apparel Exports to Australia



Data Source: UN Comtrade

Figure 4: India's Category-wise T&A Exports to Australia (2017)



Data Source: UN Comtrade

Table 3: India's potential categories of textile and apparel exports to Australia

S.No.	Market Segment	Existing Products	New Products
1	Knitted Apparel	<ul style="list-style-type: none"> Knitted cotton T-shirts, singlets & other vests. Womens knittedcotton trousers, bib & brace overalls, breeches & shorts. Knitted cotton Babies garments & clothing accessories. 	<ul style="list-style-type: none"> Knitted cottonJerseys, pullovers, cardigans, waist-coats. T-shirts, singlets & other vests, knitted/crocheted, other than of cotton Men's underpants and briefs of cotton
2	Woven Apparel	<ul style="list-style-type: none"> Womens woven blouses, shirts of man-made fibres and cotton Womens dresses of Cotton and artificial fibres 	<ul style="list-style-type: none"> Mens& Womenscotton trousers, bib & brace overalls, breeches. Womens man-made fiber Blouses and Shirts. Womens dresses of synthetic fibres Mens Shirts of cotton Women Tracksuit of manmade fibres

Data Source: UN Comtrade and Wazir Analysis

Australia has now become one of the leading apparel importers and has historically developed reliance on China for its major T&A imports. However, in recent years the emergence of India and Bangladesh as mass exporters has reduced China's share marginally. India has immense potential to further increase its share in Australian textile and apparel imports with strategic planning of export commodities.

India exports commodities which are part of the top categories imported by Australia but the export values are not significant when compared to China. India should continue exporting commodities which in recent years have been its strength along with exploring similar options in man-made

fiber apparel and textiles. It should focus on woven cotton trousers for both men and women as well as man-made fiber T-shirts, shirts and dresses in the apparel segment.

In June 2017, a memorandum of understanding (MoU) on co-operation in the textiles, clothing and fashion sectors was signed between the Indian Ministry of Textiles and the Department of Foreign Affairs and Trade,

Australia. The objective of this MoU is to nurture the skills and talents, promote economic opportunities and encourage professional engagement, training, skill development and public exhibition of products. Also negotiations for a Free Trade Agreement (FTA) between India and Australia (Australia-India Comprehensive Economic Cooperation Agreement) are on, and both the countries have made progress at information exchange.

Taking into consideration the Australian trade policy, FTAs, declining domestic production and declining reliance on China, currently small markets India can play a major role in increasing their market share in Australia.